



## Passive Investors: 2 Stocks you can Buy and Forget Forever!

### Description

The average lifespan of a public company is roughly 20 years, which means that plenty of the stocks you buy today may not even exist by the time you retire. That's inconvenient for investors like me who like to think long-term and have decades before we need to retire.

However, not all businesses fail the test of time: some can survive or even thrive for centuries. Here's a look at two Canadian stocks I believe could part of the ultimate buy-and-hold-forever portfolio.

### Utility

It doesn't appear that basic electricity is going to be disrupted over the next century. On the contrary, electric vehicles and the internet of things are likely to boost demand for electricity much further over the next few decades, which means that that utility giant **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) will likely stick around for a while.

Not only is Fortis' business model immune to technological disruption, but it's also insulated from the economic cycle by a combination of regulations and persistent demand.

The stock lost only 20% of its value during the financial crisis of 2008-09. Its market position is so strong that the management team has consistently increased dividend payouts on an annual basis for 45 years.

Meanwhile, the stock has appreciated 586% over the past 20 years.

Despite this epic run over the past four decades, the stock is still undervalued. It currently trades at just 15 times annual earnings and 1.51 times book value per share at writing.

The 3.5% dividend yield may seem a lot more impressive when you consider the fact that the payout ratio is a mere 49.5%.

## Enterprise software

The biggest threat technology companies face is unexpected disruption from smaller startups. However, a holding company that owns and acquires newer, smaller tech firms when they reach a certain size is likely to survive much longer. **Constellation Software** ([TSX:CSU](#)) is the ultimate example.

Over the past 16 years of its existence as a public company, Constellation has delivered a jaw-dropping 6,872% return. In 2019 alone, the stock surged roughly 50%.

[Constellation's stellar performance](#) has been driven primarily by company leader Mark Leonard's incredible ability to identify and acquire niche software firms or what he calls "vertical market software (VMS)" companies. However, like any other great leader, Leonard has planned for an eventual transition.

"One day Constellation may find that VMS businesses are too expensive to rationally acquire," he said in his most recent letter to shareholders.

"If that happens, I hope we'll have had the foresight and luck to find some other high ROE [return on equity] non-VMS businesses in which to invest at attractive prices. I am already casting about for such opportunities."

In other words, Constellation is well-positioned for wealth creation over the long-term. That's what makes it a forever stock in my opinion.

## Bottom line

Buying and holding a great company forever is the cornerstone of any long-term value-oriented investment strategy. Unfortunately, most companies fail to survive more than a few decades.

Nevertheless, firms such as Fortis and Constellation Software have business models that are designed to adapt to shifts in the economy or offer indispensable services that are difficult to disrupt. This makes them ideal candidates for a long-term buy-and-hold portfolio.

### CATEGORY

1. Energy Stocks
2. Tech Stocks

### TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:FTS (Fortis Inc.)

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